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## **INTRODUCTION**

The Human Development Commission entered into several contracts with the Michigan Family Independence Agency (FIA) to provide Guardianship, Emergency Services, Weatherization, Domestic Violence shelter and services, and services through the Community Services Block Grants. The contracts we reviewed totaled \$1,576,278, and covered the period October 1, 1997 through March 30, 1999. The Human Development Commission was reimbursed for units of service provided for some of these contracts, and for actual costs incurred for others through submission of monthly billings to FIA.

## **SCOPE**

The Office of Internal Audit performed an audit of Human Development Commission to determine if the Agency's billings were accurate, allowable, and properly supported by the accounting records and supporting documentation in accordance with the terms of the contract. Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

## **EXECUTIVE SUMMARY**

Based on our audit, we concluded that the Human Development Commission overbilled FIA \$8,557.66. This figure is the net result of the findings included in this audit.

## **CONTRACTORS RESPONSE**

The management of Human Development Commission has reviewed all findings and recommendations included in this report and are in general agreement. They indicated in a memorandum dated August 18, 1999 that they are in general agreement with the report except for items 4 and 5, and that corrective action is being taken for all other items in the report.

## **FINDINGS AND RECOMMENDATIONS**

The following are the contracts reviewed and the results of those reviews:

### **SEF 98-79014**

1. Human Development Commission overbilled FIA for this contract by \$148.17 for clothing purchased by clients. This amount was incorrectly billed to the contract, since clothing was not included in the contract budget. See Schedule A.

#### **CSBGD 99-79001**

2. Human Development Commission District overbilled FIA for this contract for administrative salaries and fringes by \$169.21 and \$34.71 respectively, because administrative salaries and fringes were not included in the budget. See Schedule A.

#### **CSBGD 98-79003**

3. Human Development Commission overbilled the salaries line item by \$591.80 due to the Administrative Salaries being billed under that line item. The direct fringes were underbilled by \$28.67 due to the actual cost of the fringes exceeding the amount billed. See Schedule A.

### **CSBGD 98-79001**

4. Human Development Commission overbilled the Specific Assistance Line item by \$1,475.42 for utility payments made on behalf of the clients. Utility payments were not included in the contract budget. See Schedule A.

### **RPS 97-79001-2**

5. Human Development Commission overbilled the Victim Services Coordinator's fringe benefits by \$262. The total amount of fringe benefit cost allocated for this individual exceeded the actual costs of fringe benefits provided for this individual. See Schedule A.

**DV97-79001-1**

6. The Human Development Commission overbilled the salaries and fringes line items due to \$2,744.80 in Administrative Salaries and \$3,160.22 in Administrative Fringes being billed. These costs were included in the budget in the Miscellaneous line item. We could not transfer the costs to the Miscellaneous line item because Human Development Commission had already billed the maximum amount for that line item. See Schedule A.

WE RECOMMEND that the Family Independence Agency initiate the process to recoup \$8,557.66 from Human Development Commission for overbilled expenses.

Finding #	Contract #	Line Item	Over/(Under) Billed Gross Amount
1	SEF 98-79014	Spec. Assist	\$148.17
2	CSBGD99-79001		
		Salaries	169.21
		Fringes	34.71
3	CSBGD98-79003		
		Salaries	591.80
		Fringes	(\$28.67)
4	CSBGD-98-79001		
		Spec. Assist	1,475.42
5	RPS97-79001-2		
		Fringes	262
6	DV97-79001-1		
		Admin Salaries	2,744.80
		Admin. Fringes	3,160.22
<b>Total Over (Under) Billed Amount</b>			<b>\$8,557.66</b>